

INSPECTION REPORT

Partial ☐ Complete ☒ Exploration ☐
 Inspection Date: 08/27/2003 / Time: 9:10 AM-1:15 PM
 Date of Last Inspection: 07/30/2003

Mine Name: Dugout Canyon Mine County: Carbon Permit Number: C/007/039
 Permittee and/or Operator's Name: Canyon Fuel Company, LLC.
 Business Address: P.O. Box 1029, Wellington, Utah 84542
 Company Official(s): Vicky Miller
 State Official(s): Peter Hess Federal Official(s): None
 Weather Conditions: Overcast/rain showers/70's to 80's Fahrenheit
 Type of Mining Activity: Underground ☐ Surface ☐ Prep Plant ☒ Other ☐
 Existing Acreage: Permitted 7083.71 Disturbed 22.65 Regraded ☐ Seeded ☐
 Status: Active

REVIEW OF PERMIT, PERFORMANCE STANDARDS & PERMIT CONDITION REQUIREMENTS

1. Substantiate the elements on this inspection by checking the appropriate performance standard.
 - a. For complete inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check N/A.
 - b. For partial inspections check only the elements evaluated.
2. Document any noncompliance situation by referencing the NOV issued at the appropriate performance standard listed below.
3. Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
4. Provide a brief status report for all pending enforcement actions, permit conditions, Division Orders, and amendments.

	EVALUATED	N/A	COMMENTS	NOV/ENF
1. PERMITS, CHANGE, TRANSFER, RENEWAL, SALE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. SIGNS AND MARKERS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. TOPSOIL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. HYDROLOGIC BALANCE:				
a. DIVERSIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. SEDIMENT PONDS AND IMPOUNDMENTS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c. OTHER SEDIMENT CONTROL MEASURES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d. WATER MONITORING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e. EFFLUENT LIMITATIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. EXPLOSIVES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. DISPOSAL OF EXCESS SPOIL/FILLS/BENCHES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. COAL MINE WASTE/REFUSE PILES/IMPOUNDMENTS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. NONCOAL WASTE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. PROTECTION OF FISH, WILDLIFE AND RELATED ENVIRONMENTAL ISSUES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. SLIDES AND OTHER DAMAGE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. CONTEMPORANEOUS RECLAMATION	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
12. BACKFILLING AND GRADING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. REVEGETATION	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
14. SUBSIDENCE CONTROL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. CESSATION OF OPERATIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. ROADS:				
a. CONSTRUCTION/MAINTENANCE/SURFACING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. DRAINAGE CONTROLS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
17. OTHER TRANSPORTATION FACILITIES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. SUPPORT FACILITIES/UTILITY INSTALLATIONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
19. AVS CHECK (4 th Quarter- April, May, June)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. AIR QUALITY PERMIT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. BONDING & INSURANCE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

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(COMMENTS ARE NUMBERED TO CORRESPOND WITH TOPICS LISTED ABOVE)

4B. HYDROLOGIC BALANCE: SEDIMENT PONDS AND IMPOUNDMENTS

The permittee initiated the cleaning of the mine site sediment pond, UPDES outfall 002A on July 1, and completed that process prior to the July 30th inspection. The permittee has contracted Johansen and Tuttle Engineering to re-survey the pond for the "re-certification" of the "as-built", (R645-301-514.312). Ms. Miller was uncertain if the information had been received to date, such that same can be forwarded to the Division.

4C. HYDROLOGIC BALANCE: OTHER SEDIMENT CONTROL MEASURES

The silt fence located on the north side of the access road to the waste rock site has recently intercepted a large volume of flow from the reporting watershed, causing the fence to by-pass around both ends. Sand and silt have built up behind the fence; Ms. Miller agreed to enhance the diversion berm on either end such that the "V" notch spillway would function as intended.

4D. HYDROLOGIC BALANCE: WATER MONITORING

The permittee has initiated the third quarter of 2003 surface and ground water monitoring requirements for the Dugout Mine permit area.

Second quarter water monitoring data is being entered into the database; discharge monitoring reports for the sites UPDES points were entered into the database on August 26th.

Both forks of Dugout Creek above the water storage tanks were observed to have a slight amount of flow this day. The East fork of Dugout Creek had no flow this day.

As observed this day, both of the mine water lines that discharge to Dugout Creek were flowing this day. The 22-inch pipe discharges from the abandoned Gilson works, the 8-inch pipe discharges from the active works. Both lines discharge at the same point in the drainage, and are considered as one outfall, UPDES point 001A.

4E. HYDROLOGIC BALANCE: EFFLUENT LIMITATIONS

The Utah Department of Environmental Quality/Division of Water Quality performed a reconnaissance inspection of the Dugout Canyon Mine site on May 21st, 2003. There were no deficiencies noted during that agencies inspection.

EPA discharge monitoring report forms for the months of April, May, June, and July were reviewed for exceedances and timeliness. There were no outfalls from point's 003A and 004A, which are the water tanks overflow and waste rock site sediment pond spillways. Point 002A discharged during the months of June and July, reporting no exceedances in parameters.

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The permittee estimates that the old Knight Mine works associated with the Gilson seam recharge at a rate ranging from 38 to 52 gallons per minute. As previously noted, it has been necessary to discharge this water twice to reduce the hazard associated with impounded water adjacent to the active Dugout Mine workings. The permittee has obtained the necessary approvals from DWQ and the Division to discharge this water on a constant basis, rather than allow it to build up in the old mine. This constant discharge process has appeared to improve the quality of that water, relative to iron content. Additional data gathering is occurring, such that the confirmation of the reduced iron levels can be made.

5. EXPLOSIVES

As noted during the July 30 inspection, numerous cardboard boxes of clay “dummies” which are used for the stemming of blast holes were observed being stored adjacent to the dynamite and detonator storage magazines. The permittee has moved these away from the magazines, storing them on the down canyon end of the Gilson well pad.

7. COAL MINE WASTE/REFUSE PILES/IMPOUNDMENTS

Mr. Dave Spillman, P.E., and Manager of Technical Services for the permittee performed the second quarter refuse pile inspection on June 24th, 2003. Mr. Spillman reported no sign of instability, structural weakness, or other hazardous conditions. The inspection report received Mr. Spillman’s certification on July 11, 2003.

The fence to delineate the permit boundary for the waste rock site has been completed.

An aerial flyover of the waste rock disposal site was performed on May 29, 2003. The obtained information will be used to prepare “as-built” information for submittal and incorporation into the Dugout mining and reclamation plan. Same should be submitted by the end of September.

11. CONTEMPORANEOUS RECLAMATION

Ms. Miller indicated that the methane degasification well site MW-2 has been reclaimed and that the only activity remaining to be completed is the seeding of that site.

13. REVEGETATION

The hydro seeding of the topsoil and subsoil piles at the Dugout Canyon waste rock facility will occur during the week of September 1, 2003.

16B. ROADS: DRAINAGE CONTROLS

All of the drainage controls associated with the site’s access roads were capable of functioning as designed.

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18. SUPPORT FACILITIES/UTILITY INSTALLATIONS

Ms. Miller indicated that the secondary substation that has been built behind the admin/bath house/shop building is on line and is functioning as anticipated. The permittee has been instructed to submit "as-built" information including photos of the new installation for incorporation into the mining and reclamation plan.

The permittee has completed the construction of the Gabion baskets around the inlet of the undisturbed bypass culvert (UC-4) for the East fork of Dugout Creek. This area is also proposed to be hydro-seeded during the week of September 1, 2003.

21. INSURANCE AND BONDING

The permittee's general liability insurance coverage includes a general aggregate amount of \$500,000 and an amount of \$300,000 for each occurrence. Coverage for damages incurred from the use of explosives is provided. All liability coverage remains in effect until July 31, 2004.

Inspector's Signature: _____ Date: August 28, 2003
Peter Hess #46

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas & Mining.

cc: James Fulton, OSM
Rick Olsen, Canyon Fuel, via email
Dave Spillman, Canyon Fuel, via email
Chris Hansen, Canyon Fuel, via email
Price Field office
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